

University of California, Hastings College of the Law UC Hastings Scholarship Repository

Propositions

California Ballot Propositions and Initiatives

1962

STATE CONSTRUCTION PROGRAM BOND ACT OF 1962

Follow this and additional works at: http://repository.uchastings.edu/ca_ballot_props

Recommended Citation

STATE CONSTRUCTION PROGRAM BOND ACT OF 1962 California Proposition 3 (1962).
http://repository.uchastings.edu/ca_ballot_props/631

This Proposition is brought to you for free and open access by the California Ballot Propositions and Initiatives at UC Hastings Scholarship Repository. It has been accepted for inclusion in Propositions by an authorized administrator of UC Hastings Scholarship Repository. For more information, please contact marcusc@uchastings.edu.

FOR THE STATE CONSTRUCTION PROGRAM BOND ACT OF 1962. This act provides for a bond issue of two hundred seventy million dollars (\$270,000,000) for the building construction, equipment and site acquisition needs of the state government.

3

AGAINST THE STATE CONSTRUCTION PROGRAM BOND ACT OF 1962. This act provides for a bond issue of two hundred seventy million dollars (\$270,000,000) for the building construction, equipment and site acquisition needs of the state government.

For Full Text of Measure, See Page 4, Part II

Analysis by the Legislative Counsel

This measure, the State Construction Program Bond Act of 1962, would authorize the issuance and sale of state bonds not exceeding the sum of \$270,000,000 to provide the necessary funds to meet the major building construction, equipment and site acquisition needs for the state government, including junior colleges, as these needs are described in the "Report on State Building Construction Program" as revised March 7, 1962, prepared by the Department of Finance, pursuant to Senate Resolution No. 15 of the 1954 First Extraordinary Session. The measure authorizes the Legislature to deviate from both the priority system and the specific projects mentioned in the report provided the bond proceeds are not used for purposes specifically excluded from the program, or for purposes not reasonably related to the program. At least \$20,000,000 of the proceeds from the sale of the bonds must be used for building construction, equipment and site acquisition for junior colleges and for the payment of interest and redemption of outstanding bonds of a school district or a city and county where such bonds have been issued for capital outlay purposes at junior colleges.

The measure provides that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and it annually appropriates from the General Fund the sum necessary to make the principal and interest payments on the bonds as they become due.

The bonds are to be issued only for projects for which funds are appropriated in any year by the Legislature in a separate section of the Budget Act. The Department of Finance is required to total the appropriations made in such separate section of the Budget Act annually and to request the State Construction Program Committee, which consists of the Governor, the State Controller, the State Treasurer, the Director of Finance and the Director of Public Works, to have sufficient bonds issued and sold to carry out such projects.

Argument in Favor of Proposition No. 3

In the next four years California's population will increase by an amount roughly equal to the entire present population of Connecticut. This unmatched growth poses an inescapable demand for governmental capital construction. At the State and

local level we must in four years build, equip and put into operation all of those things needed for the orderly operation of a state of Connecticut's population—schools, streets, sewers, jails, hospitals, colleges, universities and other needs of the people. It imposes upon the State the need to build additional educational facilities, mental hospitals and correctional institutions. Only a high rate of investment in such facilities will enable us to meet our responsibilities to the present and future generations of California.

During the next two years, we must construct additional facilities for 1,700 patients in our mental hospitals, increase our correctional institutions for 3,000 additional inmates and youth authority wards —BUT—this is minor compared to our needs in higher education.

Over 80% of this bond issue will go for increasing our collegiate level facilities. The State has begun assisting local districts in construction costs of our exploding junior colleges which are destined to play a more important part in our system of higher education under the Master Plan for Higher Education. The University of California must be expanded in the next two years to provide for 10,850 more students than its present capacity, and even this tremendous growth is exceeded by the state college system for which we must build facilities for 23,375 additional students in the same period.

To provide these essential facilities will require more than \$334 million during the 1962-63 and 1963-64 Fiscal Years. Because this amount is far greater than that which may be reasonably expected to be financed from current revenues, a bond issue of \$270 million is proposed to provide the minimum basic capacity needs for the two years immediately ahead. As in previous bond issues, expenditures from the proceeds of these bonds will be subject to the same careful analysis, evaluation and legislative control as are expenditures to be financed from current revenues.

Present demands on the State's current revenues (65% of the General Fund is now appropriated as assistance to local government) are such that it is extremely unlikely that any substantial amount will be available to meet this immediate and known building need. When tax yields are in excess of current requirements such funds will be applied to capital outlay, reducing the need to borrow. These projects, however, will serve future as well as present generations, and for this reason it is probable that the costs be paid over the period of use.

The only alternative is to permit the State's physical plant to fall inevitably and hopelessly behind realistic estimates of future needs.

In recognition of these facts this Bond Act was passed 64 to 1 by the Assembly and 33 to 1 by the Senate. A YES vote by the people assures the orderly construction of facilities necessary to meet the just demands of our future.

HUGO FISHER
State Senator, 40th District

THOMAS M. REES
Member of the Assembly, 59th District

JEROME R. WALDIE
Member of the Assembly, 10th District

Argument Against Issuance of \$270,000,000 in State Construction Bonds

Vote NO on Proposition 3, \$270,000,000 in state construction bonds.

The Property Owners Tax Association of California urges voters to reject this huge blank check to the Legislature to spend as it may see fit on almost any state building project including, but not limited to, prisons, mental hospitals and colleges.

The Governor and the Legislature have apparently so presumptuously thought voters would approve this proposition that they even included \$270,000,000 in revenue from the sale of these bonds in the planned 1962-63 Budget to make it balance. In effect, they planned to spend money while not even sure they would get it. This is dangerous, speculative financing.

And the Legislature also seemed so sure that voters would not read the fine print in the bond bill itself that it even wrote in, "Nothing in this act is intended to prevent the Legislature from deviating from the specific projects mentioned in said report." In short, this language means: "Just sign this blank check for \$270,000,000. We know best what is good for you."

The "shopping list" in the State Building Construction Report of the Joint Legislative Budget Committee even includes lavish residence halls and

costly parking facilities for state colleges and the university. Many other states properly finance housing and parking for students from fees charged for their use.

Construction of state facilities for the past 10 years, financed as much by current taxes as by bond funds, would be financed almost exclusively by borrowing, should Proposition 3 be approved.

Continuation of the program at the pace proposed would in less than 10 years bring annual tax collections for just debt payments—principal and interest on the bonds—to an amount approximately equal to the annual revenue from sales of new bonds in that year.

Taxpayers by paying for any really needed facilities year by year would save the interest charges, which add about 50 percent to the cost of bond financing. Persistent bond financing for the state construction program at even \$100,000,000 annually would, in a few short years, as shown by the Legislative Analyst, A. Alan Post, push actual annual interest and principal payments on these state bonds alone past the \$100,000,000 mark—all from taxes.

The strangest element of this bond proposal is the \$20,000,000 which was tacked on for "Trojan horse gifts" to communities for the building of junior colleges. The bond bill would even permit the Legislature to pay school districts the debt service on bonds issued and already spent for construction of junior college facilities. These would be delusive "outright grants," an obvious alluring bait to get junior college districts to adopt further bond issues, whether needed or not. Even in the long existing program of state aid to build elementary and high schools in so-called "impoverished" districts, the State at least requires some effort by the local districts to repay the state taxpayer.

We urge a NO vote on Proposition 3.

THE PROPERTY OWNERS TAX ASSOCIATION OF CALIFORNIA

By Paul Sheedy
Executive Vice President
Melvin Horton
Secretary-Treasurer

4 BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED. Senate Constitutional Amendment No. 10. Authorizes issuance and sale of \$100,000,000 in State bonds for loans to private corporations and public agencies for constructing, acquiring, and developing low-rent housing for elderly and physically handicapped persons of low income as provided in the Housing for the Elderly Law enacted in 1961 which act is hereby validated. Authorizes further supplemental legislation.

YES

NO

For Full Text of Measure, See Page 6, Part II

Analysis by the Legislative Counsel

This measure would add Article XXXV to the State Constitution relating to housing for the aged and the physically handicapped.

It would require the issuance and sale of state bonds in the amount of \$100,000,000, to be used

primarily for the purpose of providing low-rent housing for elderly or physically handicapped persons of low income and to pay the expenses incurred in the sale of the bonds and in the administration of the expenditure of the proceeds.

The measure authorizes the Legislature to appropriate money for expenditure for the same pur-

(b) The sum of seventy-five thousand dollars (\$75,000) to be used as a revolving fund to pay the expenses incurred by the State Treasurer in having the bonds prepared and in advertising their sale or their prior redemption, for expenses incurred by the committee pursuant to Government Code Section 16758, and for legal services, upon approval of the State Board of Control, pursuant to Government Code Section 16760.

(c) Such sum as is necessary to carry out the provisions of Section 996.93 which sum is appropriated without regard to fiscal years.

996.93. For the purposes of carrying out the provisions of this article the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this article. Any amounts withdrawn shall be deposited in the Veterans' Farm and Home Building Fund of 1943. Any moneys made available under this article to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this article, together with interest at the rate of interest fixed in the bonds so sold.

996.94. Upon request of the Department of Veterans Affairs, supported by a statement of the plans and projects of said department with respect thereto, and approved by the Governor, the Veterans' Finance Committee of 1943 shall determine whether or not it is necessary or desirable to issue any bonds authorized under this article in order to carry such plans and projects into execution, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to carry out said plans and projects progressively, and it shall not be necessary that all the bonds herein authorized to be issued shall be sold at any one time.

996.95. So long as any bonds authorized under this article may be outstanding, the Director of

the Department of Veterans Affairs shall cause to be made at the close of each fiscal year, a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, such survey to be made by an independent public accountant of recognized standing. The results of such surveys and projections shall be set forth in written reports and said independent public accountant shall forward copies of said reports to the Director of the Department of Veterans Affairs, the members of the California Veterans Board, and to the members of the Veterans' Finance Committee of 1943. The Division of Farm and Home Purchases shall reimburse said independent public accountant for his services out of any funds which said division may have available on deposit with the Treasurer of the State of California.

996.96. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

996.97. The annual rate or rates of interest on the bonds may be in multiples of $\frac{1}{8}$ or $\frac{1}{20}$ of 1 percent. The definitive rates of interest which the bonds hereby authorized shall bear may be determined and fixed by the Veterans' Finance Committee of 1943 by resolution adopted at or after the sale of said bonds, but not exceeding in any case 5 percent per annum payable semiannually.

996.98. Whenever bonds are sold, out of the first money realized from their sale, there shall be redeposited in the revolving fund established by subdivision (b) of Section 996.92 such sums as have been expended for the purposes specified in subdivision (b) of Section 996.92, which may be used for the same purpose and repaid in the same manner whenever additional sales are made. Whenever all the bonds authorized by this article have been sold, the amount of the appropriation made by subdivision (b) of Section 996.92 shall revert to the unappropriated surplus in the General Fund.

FOR THE STATE CONSTRUCTION PROGRAM BOND ACT OF 1962.

This act provides for a bond issue of two hundred seventy million dollars (\$270,000,000) for the building construction, equipment and site acquisition needs of the state government.

3

AGAINST THE STATE CONSTRUCTION PROGRAM BOND ACT OF 1962.

This act provides for a bond issue of two hundred seventy million dollars (\$270,000,000) for the building construction, equipment and site acquisition needs of the state government.

This proposed law, by act of the Legislature passed at the 1962 First Extraordinary Session, is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

(This proposed law does not expressly amend any existing law; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

Section 1. This act shall be known, and may be cited, as the State Construction Program Bond Act of 1962.

Sec. 2. The primary purpose of this act is to provide the necessary funds to meet the needs of building construction, equipment and site acquisition needs for the state government, including

j colleges if legislation to provide funds for such colleges is adopted, as more particularly described in the report submitted by the Department of Finance pursuant to Senate Resolution No. 15 of the 1954 First Extraordinary Session, entitled "Report on State Building Construction Program," as revised March 7, 1962. Not less than twenty million dollars (\$20,000,000) of the proceeds from the sale of bonds pursuant to this act shall be available beginning July 1, 1963, for expenditure for major building construction, equipment and site acquisition for junior colleges, and for the payment of interest and redemption of outstanding bonds of a school district or of a city and county issued for junior college capital outlay purposes. Nothing in this act is intended to prevent the Legislature from deviating from the specific projects mentioned in said report in utilizing the proceeds of the bonds herein authorized; provided such funds are not used for purposes specifically excluded from the program contemplated by said report or for purposes not reasonably related thereto. Nothing in this act is intended to bind the Legislature to follow the system of priorities contained in said report.

Sec. 3. Bonds in the total amount of two hundred seventy million dollars (\$270,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in Section 2 of this act. Such bonds shall be known and designated as State Construction Program bonds and, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on said bonds as said principal and interest become due and payable.

Sec. 4. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenues of the State as shall be required to pay the principal and interest on said bonds maturing in said year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

Sec. 5. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this act, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this act, as said principal and interest become due and payable.

(b) The sum of seventy-five thousand dollars (\$75,000) to be used as a revolving fund to pay the expenses incurred by the State Treasurer in preparing and advertising the sale or prior redemption of bonds issued pursuant to this act, to defray expenses incurred by the State Construction Program Committee pursuant to Government Code Section 16758, and for the payment of

legal services upon approval of the State Board of Control, pursuant to Government Code Section 16760.

(c) Such sum as is necessary to carry out the provisions of Section 8 of this act, which sum is appropriated without regard to fiscal years.

Sec. 6. The proceeds of bonds issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the State Construction Program Fund. The money in the fund may be expended only for the purposes specified in this act and only pursuant to appropriation by the Legislature in the manner hereinafter prescribed.

Sec. 7. A section shall be included in the budget bill for each fiscal year bearing the caption State Construction Bond Act Program. Said section shall contain proposed appropriations only for the program contemplated by this act, and no funds derived from the bonds authorized by this act may be expended pursuant to an appropriation not contained in said section of the Budget Act. The Department of Finance, which is hereby designated as the board for the purposes of this act, shall annually total the Budget Act appropriations referred to in this section and, pursuant to Section 16730 of the Government Code, request the State Construction Program Committee to cause bonds to be issued and sold in quantities sufficient to carry out the projects for which such appropriations were made.

Sec. 8. For the purposes of carrying out the provisions of this act the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this act. Any amounts withdrawn shall be deposited in the State Construction Program Fund. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this act, together with interest at the rate of interest fixed in the bonds so sold.

Sec. 9. The bonds authorized by this act shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law (Chapter 4 of Part 3, Division 4, Title 2 of the Government Code), and all of the provisions of said law are applicable to said bonds and to this act, and are hereby incorporated in this act as though set forth in full herein.

Sec. 10. The State Construction Program Committee is hereby created. The committee shall consist of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of Public Works. For the purpose of this act the State Construction Program Committee shall be "the committee" as that term is used in the State General Obligation Bond Law.

Sec. 11. Out of the first money realized from the sale of bonds issued pursuant to this act there shall be redeposited to the credit of the appropri-

ation made by subdivision (b) of Section 5 of this act such sums as have been expended for the purposes specified in said subdivision (b) of Section 5. The amounts so redeposited may be used for the same purposes whenever additional sales

of bonds are made pursuant to this act. When the bonds authorized by this act have been sold, the unexpended and unobligated balance of the appropriation made by subdivision (b) of Section 5 of this act, shall revert to the General Fund.

4 **BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED.** Senate Constitutional Amendment No. 10. Authorizes issuance and sale of \$100,000,000 in State bonds for loans to private corporations and public agencies for constructing, acquiring, and developing low-rent housing for elderly and physically handicapped persons of low income as provided in the Housing for the Elderly Law enacted in 1961 which act is hereby validated. Authorizes further supplemental legislation.

YES	
NO	

(This proposed amendment does not expressly amend any existing article of the Constitution but adds a new article thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

**PROPOSED AMENDMENT TO THE
CONSTITUTION
ARTICLE XXXV
HOUSING FOR THE AGED AND THE
PHYSICALLY HANDICAPPED**

Section 1. Bonds of the State of California shall be prepared, issued, and sold in the amount of one hundred million dollars (\$100,000,000), in such denominations, to be numbered, to bear such dates, and to bear such rate of interest as shall be determined by the Legislature.

The proceeds of such bonds shall be used:

(a) Subject to such legislation as the Legislature may, from time to time, enact, to provide aid to elderly persons of low income and to physically handicapped persons of low income, or to either class of persons of low income, as defined by law, in the form of loans for use in constructing, acquiring or developing low-rent housing for such persons of low income.

(b) To pay the expenses that may be incurred in preparing, advertising, issuing, and selling the bonds, and in administering and directing the expenditure of the moneys realized from the sale of such bonds.

The issuance, signing, countersigning, endorsing, and selling of the bonds herein provided for, and the interest coupons thereon, the place and method of payment of principal and interest thereon, the procedure for initiating, advertising and holding sales thereof, and the performance by the state agencies and state officers of their respective duties in connection therewith; and all other provisions, terms, and conditions relating to the bonds, shall be as provided by the Legislature.

The Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds sold under the authority of this section. The money so appropriated shall be expended pursuant to subdivision (a) of this section. If the Legislature appropriates money in lieu of the money received from the sale of the bonds, the total amount of bonds required

to be sold pursuant to this section shall be reduced by the amount so appropriated.

The Legislature shall pass all laws, general or special, necessary or convenient to carry into effect the provisions of this article. Such laws may provide for the loan of funds to private corporations and public agencies for the purposes of this article.

The Legislature shall require each private corporation or public agency receiving a loan of money from the sale of bonds pursuant to this section for the purposes prescribed in subdivision (a) of this section to repay such money to the State on such terms as may be prescribed by the Legislature.

The people of the State of California in adopting this section hereby declare that it is in the interests of the State and of the people thereof for the State to aid elderly persons of low income and physically handicapped persons of low income in providing necessary and adequate housing for such persons who cannot afford adequate, safe, and sanitary housing available in the various communities and areas of the State.

Sec. 2. The issuance and sale of bonds of the State of California and the use and disposition of the proceeds of the sale of said bonds, all as provided in the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature authorizing the issuance and sale of bonds for the purpose of providing funds to be used and disbursed for loans for the construction of low-rent housing for elderly persons of low income, is hereby authorized and directed, and the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature is hereby approved, adopted, legalized, validated and made fully and completely effective. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof but this shall not prevent such legislative action.

Sec. 3. There is hereby appropriated from the funds and sources referred to in the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature, the amounts of money designated therein for the purposes specified therein.

Sec. 4. Neither Article XXXIV nor any provision of this Constitution shall be a limitation upon the provisions of this article.